

AUDIT MEMO

SUBJECT: Financial Integrity and State Manager's Accountability Act Reporting Requirements	NO: 11-02
REFERENCES: State Administrative Manual section 20000 et seq. Government Code sections 13400 through 13407 Senate Bill 617 Executive Order B-12-11	DATE ISSUED: December 2011 Supersedes Audit Memo: 09-02

PURPOSE: This memo is to update agencies/departments on recent changes to the reporting requirements of the Financial Integrity and State Manager's Accountability Act (FISMA).

BACKGROUND: Government Code sections 13400 through 13407, known as the Financial Integrity and State Manager's Accountability Act of 1983 (FISMA), was enacted to reduce resource waste and strengthen controls. FISMA requires the head of each state agency to maintain effective systems of internal controls, evaluate the effectiveness of these controls on an ongoing basis, and report on the adequacy of the agency's systems of internal controls by December 31 of each odd-numbered year.

Senate Bill 617

Senate Bill 617 amended Government Code sections 13400 through 13407. Changes emphasize active oversight, including regular and ongoing monitoring processes, for the prevention and early detection of fraud and errors in program administration. SB 617 further states all levels of management must routinely monitor, evaluate, and improve internal controls, when necessary. In addition, SB 617 expands the distribution of FISMA reports to include the State Controller's Office, the State Treasurer's Office, and the Attorney General.

FISMA REPORTING REQUIREMENTS: State Administrative Manual (SAM) section 20000 et seq. details FISMA requirements. SAM section 20060 requires all state entities to submit a report during the biennial period ending December 31 of each odd-numbered year, concluding on the adequacy of controls in place within their organization.

The reports are to be submitted electronically, as follows:

Director of Finance
Legislature
State Auditor
Governor's Office
State Library
State Controller's Office
State Treasurer's Office
Attorney General

FISMA hotline@dof.ca.gov
Katarina.Tarr@asm.ca.gov
MargaritaF@bsa.ca.gov
Adrian.Mata@gov.ca.gov
RFontaine@library.ca.gov
SCOaudFISMA@sco.ca.gov
FISMA.Reports@treasurer.ca.gov
OPRA@doj.ca.gov

Executive Order B-12-11

On October 9, 2011, the Governor's Office issued Executive Order B-12-11, which rescinded the requirement for audit reports to be posted to the transparency website. As such, FISMA reports do not need to be posted to the transparency website. Each department must determine whether or not to post its FISMA report to its own website.

Corrective Action Plans

If a department has not addressed all the risks identified in its 2011 FISMA report, the department must submit a Corrective Action Plan (CAP) to the Department of Finance by January 31, 2012, in which the unaddressed risks are discussed and scheduled for mitigation.

CAPs must be updated every six months until all identified risks have been corrected or mitigated, and should be sent only to the Department of Finance at FISMAHotline@dof.ca.gov. Once all identified risks have been corrected or mitigated, submission of a CAP is no longer required.

FISMA guidance and templates are available on our website at <http://www.dof.ca.gov/osae/fisma/>. For additional information, please contact Jennifer Whitaker, Manager, at (916) 322-2985, or the FISMA hotline at FISMAHotline@dof.ca.gov.



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